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# Department of State

TELEGRAM

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DRAFTED BY AFSA:DHAYS  
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FM SECSTATE WASHDC  
TO ALL DIPLOMATIC AND CONSULAR POSTS  
AMEMBASSY KABUL

UNCLAS STATE 046941

AFSA TELEGRAM INFORM CONSULS

E.O. 12356: NA  
TAGS: NA  
SUBJECT: CHANGES IN RETIREMENT AND SALARIES - III

FOR STATE AND AID FOREIGN SERVICE EMPLOYEES

## 1. AFSA ACTIONS ON RETIREMENT PROBLEM

AFSA IS ATTACKING THIS PROBLEM ON A VARIETY OF FRONTS. A MAJOR DIFFICULTY IS THAT THERE IS NO FIRMLY ESTABLISHED TARGET TO FOCUS ON. THE PROPOSALS ARE JUST THAT - PROPOSALS AND THERE IS NO CONCRETE LEGISLATIVE PROGRAM. BUT MAKE NO MISTAKE ABOUT IT, THERE WILL BE.

-- AFSA CONTINUES TO WORK WITH AND CONTRIBUTE TO THE FAIR ORGANIZATION. FAIR ITSELF IS SPENDING OVER \$160,000 AND THE INDIVIDUAL MEMBERS OF FAIR ARE SPENDING AN ADDITIONAL \$3,000,000 IN THE MEDIA TO SPREAD OUR MESSAGE. THE 2,000,000 PRESENT AND FORMER FEDERAL EMPLOYEES WHO BELONG TO MEMBER ORGANIZATIONS ARE BEING ENCOURAGED TO CONTACT THEIR REPRESENTATIVES.

-- AFSA TESTIFIED BEFORE THE WAYS AND MEANS SUBCOMMITTEE ON FEBRUARY 8, AND IS SCHEDULED TO APPEAR BEFORE THE SENATE FINANCE COMMITTEE NEXT WEEK.

-- THE WORKING GROUP WHICH WE ESTABLISHED SIX WEEKS AGO

CONTINUES TO MONITOR AND ACT ON THESE PROPOSALS. THE GROUP IS COMPOSED OF NUMEROUS AFSA MEMBERS ALONG WITH REPRESENTATIVES FROM THE AMERICAN ASSOCIATION OF FOREIGN SERVICE WOMEN, THE THURSDAY LUNCHEON GROUP, SEPTEMBER 17, THE CONSULAR OFFICERS ASSOCIATION, AND THE SENIOR FOREIGN SERVICE ASSOCIATION.

-- EACH OF THE GROUPS LISTED ABOVE IS STEPPING UP ITS CONTACTS ON THE HILL TO ENSURE THAT OUR POSITION IS WELL KNOWN.

-- WE HAVE HELD MEETINGS WITH SENIOR MANAGEMENT OFFICIALS TO BRIEF THEM ON OUR CONCERNS AND REQUEST THEIR ASSISTANCE IN FIGHTING THE DESTRUCTION OF THE CAREER FOREIGN SERVICE. WE HAVE SENT A LETTER TO THE SECRETARY AND WILL BE REQUESTING TO MEET WITH HIM NEXT WEEK.

-- AFSA IS PROPOSING AN AMENDMENT TO SEC. 827 OF THE FOREIGN SERVICE ACT WHICH WILL DELINK US FROM AUTOMATIC COMPLIANCE WITH CHANGES IN THE CIVIL SERVICE SYSTEM.

-- AFSA GENERAL COUNSEL IS RESEARCHING OUR LEGAL OPTIONS. PRELIMINARY INFORMATION ON THIS FRONT IS NOT ENCOURAGING AS THERE HAVE BEEN SEVERAL SUITS IN THE LAST 20 YEARS OVER CHANGES IN RETIREMENTS AND BENEFITS AND THEY HAVE ALL BEEN LOST.

-- AFSA HAS ENGAGED THE SERVICES OF MR. ROBERT BEERS, FORMER VICE PRESIDENT OF THE NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES. TO BE A REGISTERED LOBBYIST FOR THE ASSOCIATION.

-- WE ARE INVESTIGATING THE LEGAL COMPLICATIONS INVOLVED IN SETTING UP A LEGAL DEFENSE FUND OR "WARCHEST".

-- AFSA HELD A STANDING ROOM ONLY BRIEFING IN THE DEAN ACHESON AUDITORIUM (700 PLUS) ON FEBRUARY 17 TO INFORM THE MEMBERSHIP OF CURRENT DEVELOPMENTS.

-- WE WILL BE SENDING SITREPS TO THE FIELD WEEKLY OR AS DEVELOPMENTS OCCUR.

IF WE ACT QUICKLY AND EFFECTIVELY WE HAVE A CHANCE OF STOPPING THE PROPOSALS CONTAINED IN THE BUDGET MESSAGE. THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE IS SYMPATHETIC TO THE FEDERAL WORKER AND SEVERAL KEY MEMBERS, INCLUDING THE CHAIRMAN, HAVE PUBLICLY STATED THAT THEY OPPOSE THESE CHANGES.

## 2. FIELD ACTIONS

-- AFSA WASHINGTON AND THE WORKING GROUP HAVE PROFITED GREATLY FROM THE INSIGHTFUL CABLES WE HAVE RECEIVED FROM THE FIELD. WE HAVE INCORPORATED MANY OF YOUR SUGGESTIONS INTO OUR PRESENTATIONS AND HAVE USED YOUR CABLES TO HIGHLIGHT AREAS WHICH WE FEEL HAVE NOT BEEN ADEQUATELY ADDRESSED - SUCH AS THE IMPACT ON FOREIGN SERVICE NATIONALS. WE WILL BE SENDING "HIGHLIGHTS" OF FIELD CABLES IN AN UPCOMING MESSAGE.

-- IT IS NOT TOO SOON TO BEGIN CONTACTING MEMBERS OF CONGRESS. WE WILL BE SENDING TALKING POINTS AND A LIST OF KEY COMMITTEE MEMBERS EARLY NEXT WEEK. WE WILL ALSO SEND ALONG GUIDELINES ON HOW TO STAY WITHIN BOUNDS ON SUBMISSIONS TO CONGRESS (SUCH AS USING PERSONAL STATIONARY AND ENVELOPES, ETC.)

-- OUR AGREEMENT WITH MANAGEMENT CONCERNING USE OF TELECOMMUNICATIONS PRECLUDES US FROM DISCUSSING INTERNAL ASSOCIATION BUSINESS SUCH AS MEMBERSHIP. WE TRUST, HOWEVER, THAT POSTS WILL NOT FORGET THAT EVERY ACTION WE TAKE IS FUNDED BY OUR DUES.

CONCLUSION -- AFSA WASHINGTON BELIEVES THAT OUR BEST STRATEGY AT THIS TIME IS TO SIMULTANEOUSLY FIGHT TO STOP THE ENTIRE PACKAGE IN ALLIANCE WITH OUR CIVIL SERVICE COLLEAGUES AND TO WORK TO DELINK OURSELVES FROM THE CIVIL SERVICE SYSTEM BY STRESSING THE OVERSEAS COMPONENT OF FOREIGN SERVICE LIFE ALONG WITH OUR UNIQUE COMPETITIVE PERSONNEL SYSTEM. AFSA WASHINGTON STRONGLY ENCOURAGES POSTS TO CABLE IN THEIR THOUGHTS AND SUGGESTIONS. REGARDS, AFSA GOVERNING BOARD. SHULTZ

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AFSA TELEGRAM, INFORM CONSULS

E.O. 12356: NA  
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SUBJECT: CHANGES IN RETIREMENT AND SALARIES - II

FOR STATE AND AID FOREIGN SERVICE EMPLOYEES

SUMMARY -- AFSA IS DEVOTING ITS FULL ENERGY TO THE DEFEAT OF THE VARIOUS PROPOSALS AFFECTING RETIREMENT SYSTEMS. INITIATIVES ALREADY UNDERTAKEN INCLUDE: WORKING WITH FAIR (FUND TO ASSURE AN INDEPENDENT RETIREMENT), TESTIMONY BEFORE CONGRESSIONAL COMMITTEES, ESTABLISHMENT OF A WORKING GROUP, MEETINGS WITH MANAGEMENT, EXPANDED HILL CONTACTS, PROPOSAL OF AMENDMENTS TO THE FOREIGN SERVICE ACT, EXPLORATION OF LEGAL OPTIONS, AND THE HIRING OF A CONGRESSIONAL LOBBYIST. AFSA WASHINGTON GREATLY APPRECIATES THE MANY CONSTRUCTIVE IDEAS IT HAS RECEIVED FROM THE FIELD. END SUMMARY.

1. AFSA CONTINUES TO GIVE THE HIGHEST PRIORITY TO THE DEVELOPMENT OF AN EFFECTIVE CAMPAIGN TO DEFEAT THE ILL-CONCEIVED AND DESTRUCTIVE CHANGES TO THE FEDERAL RETIREMENT SYSTEM OUTLINED IN REFTEL A. THE FOLLOWING IS A BRIEF EXPLANATION OF WHERE THINGS STAND AT THIS TIME.

2. THE LARGE NUMBER OF PROPOSALS TO "REFORM" THE RETIREMENT SYSTEM CAN BE DIVIDED INTO TWO GROUPS - THOSE CONTAINED IN

THE REPORT OF THE NATIONAL COMMISSION ON SOCIAL SECURITY REFORM AND THOSE CONTAINED IN THE PRESIDENT'S BUDGET MESSAGE

COMMISSION REPORT - OUR OPPOSITION HERE IS FOCUSED ON ONE SPECIFIC PROPOSAL - THE PLACEMENT OF ALL FEDERAL EMPLOYEES HIRED AFTER JANUARY 1, 1984 UNDER SOCIAL SECURITY. THIS PROPOSAL IS INTENDED TO EASE THE "CRUNCH" THAT SOCIAL SECURITY WILL FACE OVER THE NEXT FEW YEARS. HOWEVER, THIS ACTION WILL BRING ONLY 12 BILLION OUT OF THE MORE THAN 170 BILLION DOLLARS NEEDED AND WILL ADD MAJOR LIABILITIES TO THE SOCIAL SECURITY SYSTEM. WHILE INDIVIDUALS PRESENTLY VESTED IN THE FOREIGN SERVICE OR CIVIL SERVICE FUNDS WOULD NOT BE DIRECTLY AFFECTED, THE LOSS OF NEW CONTRIBUTORS WILL EVENTUALLY BANKRUPT THESE FUNDS. AFSA TESTIFIED IN OPPOSITION TO THIS PROPOSAL BEFORE THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON FEBRUARY 8, AND IS SCHEDULED TO APPEAR BEFORE THE SENATE FINANCE COMMITTEE NEXT WEEK. ADDITIONALLY AS DESCRIBED IN REFTEL B, AFSA IS A CHARTER MEMBER OF THE FAIR ORGANIZATION, A COALITION OF 25 FEDERAL AND RETIRED GROUPS WITH A COMBINED MEMBERSHIP IN EXCESS OF TWO MILLION. FAIR IS CONDUCTING AN EXTENSIVE MEDIA CAMPAIGN ON RADIO, TELEVISION, AND IN THE PRESS IN SELECTED CONGRESSIONAL DISTRICTS THROUGHOUT THE COUNTRY.

THE COMMISSION'S REPORT HAS THE ACTIVE SUPPORT OF THE ADMINISTRATION, THE SPEAKER OF THE HOUSE, AND THE MAJORITY LEADER OF THE SENATE. PROPONENTS OF THE PLAN ARE ATTEMPTING

TO PUSH THIS BILL THROUGH UNDER A CLOSED RULE, THAT IS, NOT OPEN TO ANY AMENDMENTS. CONGRESSIONAL OPPONENTS OF THE INCLUSION OF FEDERAL EMPLOYEES ARE TRYING TO OPEN THE BILL UP FOR A SEPARATE VOTE ON THIS ONE PROVISION. THE ADMINISTRATION'S TIMETABLE FOR ACTION ON THIS BILL IS AS FOLLOWS: REPORTED OUT OF THE WAYS AND MEANS SUBCOMMITTEE BY LATE FEBRUARY, FULL COMMITTEE AND FLOOR ACTION BEFORE EASTER. SENATE ACTION WILL FOLLOW ROUGHLY THE SAME SCHEDULE AND SIGNATURE BY THE PRESIDENT IS EXPECTED BY MAY 1. AFSA CONTINUES TO FIGHT THIS PROPOSAL BUT POSTS SHOULD BE AWARE THAT THIS BILL IS "WIRED" AND WILL BE VERY DIFFICULT TO STOP.

PRESIDENT'S BUDGET PROPOSALS - THESE ARE THE "HORRORS" WHICH WERE OUTLINED IN THE DEPARTMENT'S MESSAGE OF FEBRUARY (STATE 35278). THE FIVE PROPOSALS ARE: 1) INCREASING THE CONTRIBUTION RATE TO 11 PERCENT (REALLY 12.3 PERCENT WHEN THE MEDICARE DEDUCTION IS INCLUDED); 2) EARLY RETIREMENT PENALTY (5 PERCENT PER YEAR FOR EACH YEAR UNDER AGE 60 RETIRED); 3) ANNUITY CALCULATION ON "HIGH FIVE" RATHER THAN "HIGH THREE"; 4) NO COST OF LIVING ADJUSTMENT IN 1984; AND 5) AN ANNUITY MULTIPLIER OF 1.5 PERCENT INSTEAD OF 2 PERCENT. ALL OF THESE PROPOSALS ARE SERIOUSLY FLAWED AND NO

ONE IN THE ADMINISTRATION HAS WORKED OUT THE EFFECTS THEY WOULD HAVE ON THE CAREER FOREIGN SERVICE. IN OUR NEXT MESSAGE WE WILL PROVIDE AN ANALYSIS OF EACH PROPOSAL BUT AT THIS TIME WE WILL FOCUS ON THE OVERALL EFFECTS OF SUCH LEGISLATION.

-- THE DECISION TO BECOME A CAREER FEDERAL EMPLOYEE IS MADE ONLY AFTER A CAREFUL WEIGHING OF THE BENEFITS AND COSTS INVOLVED. CERTAINLY A MAJOR CONSIDERATION IN THIS DECISION HAS BEEN THE SECURITY OF THE FINANCIALLY SOUND FOREIGN SERVICE RETIREMENT SYSTEM AND THE OPTION OF RETIREMENT AT AGE 50. WHETHER THERE IS A LEGAL CONTRACT HERE MAY HAVE TO BE DECIDED IN THE COURTS BUT THERE IS WITHOUT QUESTION A MORAL CONTRACT. TO CHANGE THE GROUND RULES 10, 20, OR 30 YEARS INTO THE CONTRACT IS AT LEAST UNCONSCIONABLE AND PERHAPS ILLEGAL.

-- THE PROPOSALS WERE DESIGNED FOR THE CIVIL SERVICE AND AS FAR AS WE CAN TELL NO ONE ANYWHERE (BUT US) HAS ADDRESSED THE FACT THAT THE FOREIGN SERVICE HAS A SEPARATE AND DISTINCTIVE PERSONNEL AND RETIREMENT SYSTEM. THE REASONS FOR A SEPARATE SYSTEM - HIGH STRESS LIVING CONDITIONS, TERRORISM EXPOSURE TO TROPICAL DISEASES, CONSTANT DISRUPTIONS, ETC. HAVE NOT GONE AWAY AND WILL NOT GO AWAY BY MAKING US MARCH IN LOCKSTEP WITH THE CIVIL SERVICE.

-- THE FOREIGN SERVICE IS BUILT ON EXCELLENCE AND PROFESSIONALISM, AND THE KEYSTONES OF OUR SYSTEM ARE UP OR OUT AND LIMITED TIME IN CLASS. IF THESE PROPOSALS ARE IMPLEMENTED, THESE KEYSTONES WILL HAVE TO BE DRASTICALLY MODIFIED OR DONE AWAY WITH ENTIRELY. ACTUARIAL STATISTICS FROM THE TREASURY STATE THAT OUT OF EVERY ONE HUNDRED INDIVIDUALS 50 YEARS OLD WHO WOULD HAVE RETIRED UNDER THE CURRENT SYSTEM FIVE WILL RETIRE UNDER THE NEW ONE. THE PERCENTAGES SLOWLY CREEP UP AS YOU APPROACH AGE 60, BUT THE BURDEN ON THE SERVICE MAY FORGET WHAT PROMOTIONS ARE.

4. DUE TO THE LENGTH OF THIS CABLE, SECOND HALF OF THIS MESSAGE WILL BE SENT SEPTEL. REGARDS, AFSA GOVERNING BOARD. SHULTZ

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